

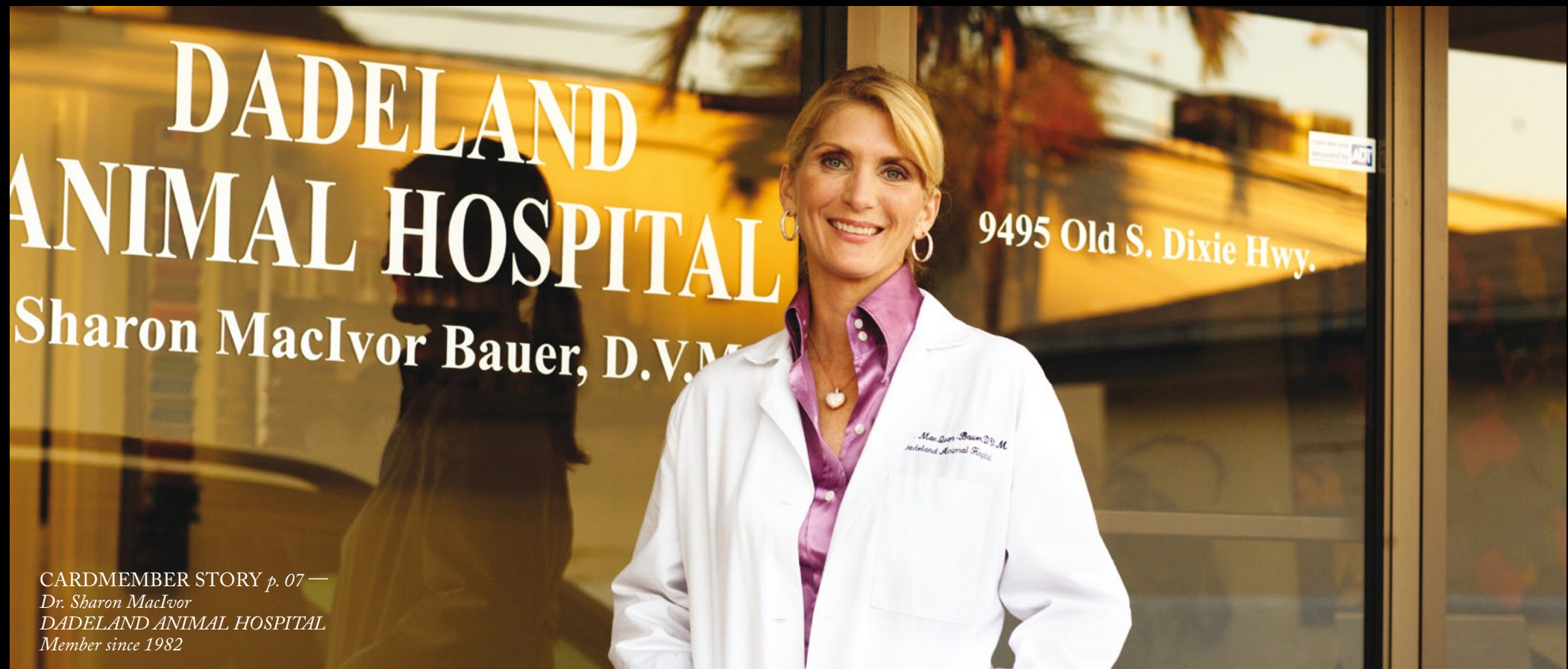
OPEN BOOK

A Practical Guide to Business Growth

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OPEN



CARDMEMBER STORY p. 07 —
Dr. Sharon MacIvor
DADELAND ANIMAL HOSPITAL
Member since 1982

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LEADERSHIP

WE EXPLORE THE ROOTS OF EFFECTIVE LEADERSHIP AND WHAT IT MEANS TO NOT ONLY MANAGE YOUR BUSINESS, BUT LEAD IT TO SUCCESS

It's often said that being an entrepreneur is in the DNA, but what about the ability to lead? From high-level visionary to the detail-obsessed and hands-on, leaders come in many varieties. With this in mind, we have created this Leadership edition of our series of OPEN Book guides providing practical advice to help you manage and grow your business. The perspectives we have assembled reveal that, although there are as many leadership styles as there are leaders, they all share some common features: successful leaders are passionate, and they understand the changing nature of leadership, that it demands different skills at different points in the evolution of a company.

Good learning never stops. They also understand that learning the lessons of failure is as important as recognizing what you're getting right. Leaders define the culture of their businesses, usually by direct example. With resilience and adaptability, they learn how to weather the bad times as well as to thrive in the good.

In this issue of OPEN Book, we provide a glimpse into the lives of some truly remarkable leaders. We'll hear from OPEN Cardmembers Doug Cavanaugh and Dr. Sharon MacIvor, whose similar passion for detail and precision propels two very different businesses. With the experience of Dany Levy, the go-it-alone entrepreneur behind the on-line newsletter phenomenon DailyCandy, we'll learn how a leader's role can change as a business grows.

Leadership expert Holly Landau gives advice on some key employee issues, while OPEN Cardmember Tom Bailard illustrates how his focus on human success has benefited his employees and clients alike. For a longer-range view, business adviser Ridgely Evers and Columbia Business School professor Joel Brockner offer their takes on what the leadership role means in small versus large companies. In business, as in life, the experience and knowledge of others is an incredibly valuable resource, but your greatest asset is your own unique talent and perspective. We hope to provide some inspiration for this very personal journey.

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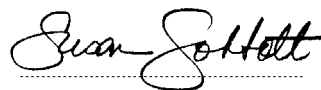
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SUSAN SOBBOTT
President,
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LESSONS IN LEADERSHIP

OPEN'S PRESIDENT SUSAN SOBBOTT REFLECTS ON
WHAT IT TAKES TO SUCCEED AS A LEADER

I am so fortunate to meet business owners and dig into their minds and successes. I get to do this for a living! Recently, I've been so impressed by the success stories that almost seem unencumbered by the challenges of "The Great Recession." Of course, these businesses have been challenged, but the leadership of their owners has propelled them to reach amazing results. Allow me to offer you a snippet of some of the insights that I've learned from a few of them.

Like it or not, you are a leader. Not because you are "the boss," but more importantly because you have committed yourself to creating a company and realizing your vision for it. To own your leadership means more than managing your business, it means communicating, inspiring, empowering and nurturing those who are in fact delivering your mission daily. For your leadership to have a positive impact, the most important thing you can do is to embrace your role and consciously work to become the leader your business and your vision deserve. But this may create a bit of a conundrum. Being the leader makes you not only a vital asset but also a real liability if

the company cannot operate without you. No matter the size of your enterprise, it's likely that your personal skill set is at the core of the business. In many cases, you are the business.

It takes a wide variety of skills to grow a business that can stand on its own. Likewise, a good leader always benefits from a variety of perspectives. I hope that within this OPEN Book you'll find perspectives that will inspire you to take a fresh look at your abilities, your passion, and your role within your company. Start by making the commitment to lead your company to a place that realizes your fullest vision and beyond. I personally challenge you to do three things: conduct a self-assessment; never stop learning; and finally, delegate and let go.

— *Take an Assessment*

Start by answering some basic questions: What are you really great at? What do you like doing? Conversely, what are your areas of weakness? What do you most dislike doing? Tasks you dislike are probably the same ones you do least well. Once you have an honest assessment of your strengths and

weaknesses, you can consciously hire people who bring different abilities and new perspectives. Too many business owners hire staff that supplement rather than complement their own skills. The next time you're in a position to hire, look for the person who complements your strengths. Love selling? Hire a numbers guru. Are you the creative visionary? Hire a structured operations person. Whatever the task, look for someone with skills radically different from your own. Their unique strengths and fresh perspective can make an immediate, positive impact on your business.

— *Never Stop Learning*

As your business grows, allow time for your vision to change and grow. Managing the day-to-day mechanics of your business can start to feel like you're on a treadmill. No matter how fast you run, you're not going to get anywhere new. Like Michael Gerber suggests in his book on entrepreneurship, *The E-Myth Revisited*, work on your business, not in it. Working "on" your business means clearly establishing and refining your vision by constantly learning and searching for new

ideas and ways to respond to your company's challenges. Keep your mind fresh by reading compelling articles and irreverent blogs, meeting new people and attending industry or community events. There is a world of creative ideas just outside your door. But if you're going to get out in front, you've got to get off the treadmill.

— *Letting Go*

Whether your company is two people or 2,000, the truest test of leadership is how well the business runs without you. This requires delegation, and delegation requires clear and careful communication. Ultimately, the best leaders I know strive to make themselves (in their current role) obsolete! How? By communicating and involving others in their evolving vision and empowering others with the tools and support they need to make it come to life. As Jack Welch says in his book, *Winning*, "Before you are a leader, success is all about growing yourself. When you become a leader, success is all about growing others." Practice letting go by assessing the risks and benefits of doing so at every opportunity. Take small risks and the big ones become less risky! As you do this, remember that delegation fails more often from the leader's poor communication than from the employee's lack of skill. Always communicate the "why" rather than the "how," and you will likely be pleasantly surprised by the results.

To grasp the brass ring, you must first let go of the reins. There are so many ways to grow as a leader, and so many opportunities to lead, rather than manage. The most vibrant and energized businesses I know reflect leaders who have unleashed themselves – perhaps their businesses' greatest asset! And their businesses are flourishing like never before. By turning over more of the daily operations, they are charting a new course and navigating artfully to find opportunity in a volatile market.

I hope this inspires you to see each day as an opportunity to try something new and to experiment with your own leadership. Please use OPEN as a source of continued support as you build upon your strengths and your own inspiration. Keep striving, keep learning, and keep building!

LEADERSHIP PEOPLE POWER

PROFESSOR JOEL BROCKNER, LEADERSHIP SPECIALIST AT COLUMBIA BUSINESS SCHOOL, DISCUSSES THE PERSONAL SKILLS YOU NEED TO SUCCEED IN SMALL BUSINESS

Leadership used to refer to a position of power, but now it is generally understood as a type of behavior. People are leaders not simply because of the job title they hold: it's more about what they do. While the leaders of any business face many problems in common, as a small business owner you need to be aware of some particular issues that can have an effect on the success you achieve for your company.

— *The Vision to Motivate*

Of course, every enterprise needs someone to set a direction by developing a vision or a mission, and no business will survive if it can't work out a strategy to achieve its goals. To do so it must motivate its people to behave in the best interests of the company. But small businesses tend to have limited resources, so often can't motivate people simply by offering more money or a promotion. Instead they have to inspire people with the vision for the future success of the business. Finding ways to make the vision seem within reach can do wonders for motivation and commitment. To motivate people in non-monetary ways you need to know their values,

what turns them on. As a small business owner, you need to invest the time and energy to get to know your employees well, and the more you know them, the more you will be able to meet their needs in non-monetary ways.

— *Small Business, Short Distance*

In most small businesses, the psychological distance between leader and team is short. The boss is not someone who is only in touch once a quarter, through a video conference or via e-mail: this is someone on site regularly. And because there are few if any layers of management to insulate owner from employee, those at the top need to be seen to lead well. Being highly accessible offers the chance to influence many people in a short period of time, but it can also magnify leadership warts.

The psychological distance between co-workers is also short in most small businesses. As a result, everyone will be affected by how they see their colleagues being treated. Treat an employee in a small business badly, and people are likely to feel that they have been treated badly themselves.



Similarly, the tight social networks that form in small businesses give rise to the “water cooler effect,” where people spend a lot of time with each other figuring out what they think is really going on at work. There are few secrets in a small business. This has an implication for leadership: you should spend extra time to ensure that the most influential people (“opinion leaders”) are on board. If they are, they will help to spread the gospel. Again, this requires you to know people: not just what makes them tick as individuals, but the nature of the relationships between them too. Opinion leaders come in all shapes and sizes. Sometimes they are simply the most vocal individuals; other times they are the ones who are respected for their knowledge, or for their pleasing personalities.

— *Hands on in Tough Times*

Leadership is not simply about doing the right things, it's about doing things right, particularly when facing difficult circumstances. Recent economic conditions have forced many small business leaders to make tough choices. How you behave at these

times directly influences how willing your employees are to support the decisions you make. Spending time explaining why cuts are necessary, addressing people's concerns, and expressing empathy for the difficulties they may face has been shown to have a positive effect compared to a less concerned delivery of the same information. During tough times you may feel you just don't have the time to do this. But the proven benefits of getting leadership right, particularly when making the tough decisions, suggest you don't have the time to get it wrong.

Equally, it can be tough to make yourself psychologically available to your people. Feeling under pressure from challenging circumstances, you may feel like hunkering down and avoiding people who are in need of care, concern and communication. Avoiding this temptation is something that a good leader has to do.

Leading a business is more than simply owning it or running it. It's a quality you can always improve in yourself, and, to really enhance the success of your business, recognize and encourage in those around you.

Name: DOUG CAVANAUGH
Company: THE RUBY RESTAURANT GROUP
Location: NEWPORT BEACH, CA
Member Since: 1978

Doug Cavanaugh has a confession to make. “I am a control freak,” he says emphatically. “Hands up. With my restaurants, I’m involved in everything, from the menu to the décor to the design – every aspect of their DNA.” He pauses. “But then, I’m the brand champion, so that’s my job.”

Cavanaugh, 54, is chairman and CEO of The Ruby Restaurant Group, the company behind the Ruby’s Diner chain that boasts 43 directly controlled or franchised locations nationwide. It is his laser-like focus on the minutiae of his empire of 1940s-style diners that has elevated them from generic exercises in foodie nostalgia to destination restaurants in their own right. “It’s such a competitive world these days, that the only option left to you, to make yourself really stand out from the crowd, is to be remarkable,” he says, with characteristic ebullience. “We’re always trying to raise the bar. And you do that by concentrating on quality and really sweating the details.”

It is a philosophy that Cavanaugh has wielded from the founding of Ruby’s 27 years ago. Still, despite his ability to wax

lyrical about malted milkshakes and trans-fats-free french fries, he is in some ways an accidental restaurateur. A native of Southern California, he was able to marry a background in construction and real-estate development with a passion for renovation when he transformed an old whaling captain’s mansion in Nantucket into the island’s only ocean-front restaurant, the Summer House, which opened in July 1980. Thus “infected with the restaurant bug,” he returned west, gathered his old high-school buddies together, and invited them to invest in his next “crazy idea” – to turn a dilapidated bait shack at the end of the 1940s-era Balboa Pier in Newport Beach into the Ruby’s prototype, “to kind of bring back a taste of the area’s heyday.”

Ralph Kosmides, the only friend who didn’t laugh incredulously that day, is now The Ruby Restaurant Group’s CAO; together, he and Cavanaugh pooled \$80,000 and spent a year sourcing authentic 1940s artifacts and remodeling the building themselves. The first Ruby’s – named in honor of Cavanaugh’s mother (“she’s an octogenarian and still kickin’”), opened on December 7, 1982; proceeds were



a princely \$63. “Of course, we were flying by the seat of our pants; we had no guarantee of success,” says Cavanaugh. “But from the very first day, we started with one principle – not to cut corners on quality – and people were smiling as they saw the building and loving the experience when they came in; it was clear that we’d struck a chord.”

It was a chord that quickly resonated. By its second year of operation, Ruby’s sales exceeded \$1 million; in the next four years, four more diners opened on the West Coast; and in the 1990s, the Ruby Group presided over 27 openings in Southern California, Pennsylvania, Nevada, New Jersey and Missouri. People responded with eagerness to what Cavanaugh calls the “brand culture,” which encompasses everything from area-themed enhancements to the chain’s standardized vinyl-booth, white-Formica, soda-fountain décor. The culture is also resonant in the standard of the food (Cavanaugh’s godfather ran a restaurant in Los Angeles and acted as Ruby’s original menu mentor) and the caliber and commitment of Ruby’s 3,000 employees. “Every new hire, no matter what their position, watches a 15-minute video explaining the ethos of the company,” says Cavanaugh. “What our roots are, how we developed and where we’re going. It’s an emotional connection we’re trying to create, a visceral bonding, to make it more than just a job.” As a result, he says, Ruby’s can boast staffers who have been on the payroll for up to 20 years. This is no mean feat in the high-turnover restaurant world. “But then, we’re an old-fashioned company,” he stresses. “So many today are obsessed with raising money, going public, spit ‘em out, sell ‘em off. We’re not. Our motto is, and has always been, only the best for our guests.”

For this reason, Cavanaugh keeps a tight hold on his empire. Recruitment, training, product development and accounting are all done in-house, and potential franchisees are vetted thoroughly and personally. “I’ll inspect their facilities myself,” he says. “We could have franchised much faster, but I need to be sure that we’re getting the right blend of access to capital and someone who shares our operational philosophies and passion for the brand, who’ll carry the torch high.” The stakes are very personal for Cavanaugh.

BELOW

Cavanaugh leads a product development meeting.

OPPOSITE FROM LEFT

Happy customers; a greeter at the Balboa Pier location.

“A lot of chains get acquired or controlled by disparate investment groups, and you get the bean counters making decisions about food and style, and it eviscerates the brand,” he says. “I don’t want that to happen to us.”

It’s clear that the Ruby’s modus operandi has been shaped by Cavanaugh’s singular vision; what qualities does he think a good leader needs? “Well, there are different kinds of leaders,” he demurs, “but for me, I’m here to serve my team. We believe in the inverted pyramid. You’ve got to try and understand the perspective of your team members; it’s important not to get myopic. There’s no other way of doing it in the hospitality industry. Aside from that, you need a tremendous amount of tenacity. Without that it’s hard to survive.”

But how do you maintain that drive and enthusiasm – not to mention your personal imprimatur – as a brand grows and expands? Cavanaugh has given the matter serious thought. “Our culture is the reason that Ruby’s has been successful,” he says, “through the team, and the spirit. So many famous large brands are forced to grow to



FOR MORE INFO ON THE RUBY RESTAURANT GROUP, SEE: rubys.com

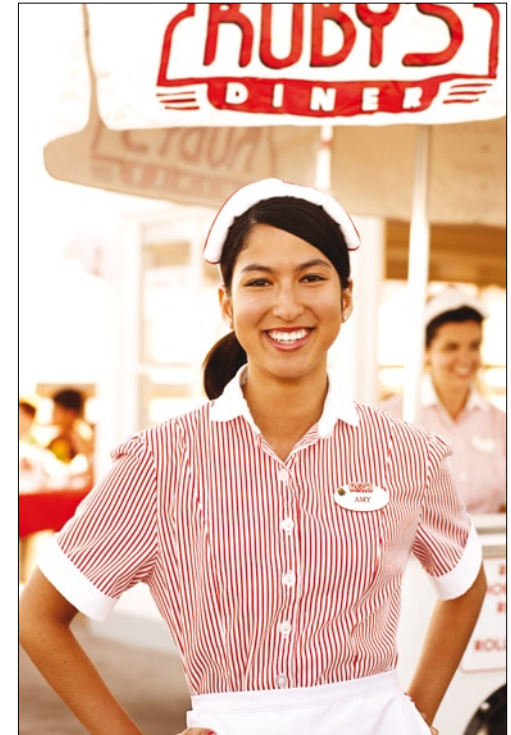
If you’re an OPEN Cardmember with a story to tell and would like to be considered for a future OPEN Book, visit: openforum.com/shareyourstory



feed market need and they end up tripping or collapsing completely. We never want to grow faster than our culture can keep pace with; that wouldn’t work for us. And that’s how I try to live my professional life. Complacency is the enemy. It’s not in my nature to take my foot off the gas. Much to my wife’s chagrin.”

That said, Mrs. Cavanaugh might be glad to hear that her husband can foresee a day when the success of Ruby’s might outstrip him. “If we take it to 100 or 200 units, that would require a different skill set to mine,” he says. “I’m a brand builder, not a national developer.” In the meantime, he remains Ruby’s cheerleader in chief, whether extolling the virtues of the latest planned outpost – to be housed in a restored 1930s railway station – or hanging out in the restaurants and getting shop floor feedback on the popularity of the turkey burgers or the latest organic menu options. His advice for fellow would-be entrepreneurial trailblazers?

“If you live and breathe and love what you’re doing, it makes the good times really high and it takes the edges off the down times,” he says. “It’s rather hollow, I think,



to be motivated by money alone. Sign up to your passion and be prepared to make mistakes; if you don’t fail, you’re not trying hard enough. The thing is not to get frozen by the failure or the fear of doing it. You have to have faith.”

Cavanaugh indulges in a rare pause for breath. Yes, he confirms, he’s still as passionate as the day when his Balboa Pier location first opened for business. “I’m too passionate if anything,” he says. “I generate too many ideas. And I like to do everything immediately. I’m not the kind of guy who likes to schedule something a year down the line.” In an attempt to rein in his zeal, he says, they have a rule in the Ruby’s boardroom: the best idea wins. Happily for Cavanaugh, it’s he who gets to select it. “OK, it’s a benevolent dictatorship.” He laughs. “I guess I’ll always have that entrepreneurial spirit embedded in there, but as things grow, you can’t be as freewheeling as you once were. You have to try and be more disciplined and know when to hold back,” he shrugs and grins, “even if that goes against everything in your nature.”

Q&A: DANY LEVY THE INCIDENTAL LEADER

DANY LEVY, FOUNDER OF THE ONLINE GUIDE DAILYCANDY, DISCUSSES THE EVOLVING NATURE OF HER ROLE AS A FEMALE ENTREPRENEUR

While she was working as a magazine journalist, Dany Levy dreamt up the concept for the curated online guide DailyCandy, and set out on her own to produce a free daily e-mail: a New York City-based insider's guide to what's hot, new and undiscovered — from fashion and restaurant news to gadgets and travel. Ten years later, with 3 million subscribers, she is guiding her vision on a global scale with a new owner, and reflects on how her role as a leader has changed and evolved over time.

What was behind your decision to start your own business?

I majored in creative writing at college, and then went into journalism. As the internet was fast becoming a mature medium, it was the realization that I could do something really interesting with my passion that made me decide to start a business. It wasn't a eureka moment, though; the idea kind of bubbled up. Over the years I've often been asked whether the idea comes first, or the desire to be an entrepreneur. For me there's

no doubt it's the idea. You can't just decide to be an entrepreneur. I identified an opportunity and committed to it; it was as simple, and completely life changing, as that.

Do you think leadership is in your DNA, or have you learned it over time?

It's a combination of the two, of course. There are different types of leadership that are required for a company at different stages, and I tend to lead by inspiration, rather than through any particular management skill. Part of the reason that DailyCandy has done so well is that I was aware of what I was good at and what I was less good at, and I made sure to hire around my weaknesses. I found a great CEO early on, and he became the day-to-day management, enabling me to remain the visionary.

So then, are you saying you're more of a delegator or a hands-on leader?

Different employees need different things, so you need to be both. The skill is in reading the

DANY LEVY
Founder of DailyCandy.com



specific situation and responding to it well. I'm blessed with a phenomenal staff, and have taken care to pay close attention to each and every one of them, particularly as we've grown. You have to remain very aware of whom you're working with, and flexible enough to recognize that everyone's needs are different. But this doesn't mean being a doormat: you need to be firm and consistent too.

Are there differences between being a leader in your field – a thought-leader, and the leader of your company – a people leader?

Leadership in the internal and external worlds can be quite different. Managing staff and managing the external company brand call on different skills. When I get up to speak I put on my "strong-girl" cap, and make a very clear stand for what DailyCandy is and what we represent. I try to remain humble too, and perhaps this is reflected more in the way I lead my staff. Listening to people is important – I have my ideas and convictions, but I try not to impose them. I do a lot of listening, and I will ultimately decide what I think is best, whether it's my idea or someone else's. Knowing when to adopt a particular focus means I need to be on top of my business, on top of my field, and on top of my people.

As a woman in business have you ever felt a glass ceiling?

No, not as such. I've been lucky to succeed. But as a woman your behavior is interpreted differently, you're generalized. If you're assertive or emotional they say things about you they would never say about a man. But there are huge opportunities too. I've been included in a large amount of press as a token female, something I have no hesitation in using fully. Female entrepreneurs shouldn't think of themselves primarily as women; their identity as entrepreneurs is not attached to their gender. But we should always be mindful of both the setbacks and advantages it presents.

What are your thoughts on the work-life balance?

Now it's pretty good, and it's something all entrepreneurs should be mindful of.

Of course, some work-life imbalance – in favor of work – is necessary to get things off the ground, but it's important not to let it consume you for an extended period of time.

How do you go about hiring?

I use my reporter skills to get a sense of what the person is about, what their motivations are, and whether they will play nice with my other employees. I also try to gauge whether they have initiative. It's important for new staff to figure out certain things on their own. You can't spend your time micromanaging – it makes it impossible to grow a business. Delegation is really important. In the beginning I hired everyone, but my particular skill is in hiring editorial staff. Once I had hired senior management, I trusted them to hire their teams. You have to let people in senior positions own their territory. Identifying the true leaders among my staff has been instinctive; it's based on trust, but also on a clear assessment of performance and strengths and weaknesses.

How many reports do you have?

Right now, none directly. There was a point where I had too many. By 2007 I promoted my deputy editor to editor in chief and allowed her to take my day-to-day role, and since then I've spent a lot of time managing up to my investors and to Comcast, our owners. I've learned that different people have different bandwidths in terms of the reports they can manage, and it's important to realize yours. I was no good after about 15; I couldn't give the attention I felt each one deserved. Being flexible is important too – releasing your reports when they're ready and taking on new ones is a good thing.

How has the vision changed as DailyCandy has grown?

I think the core has stayed the same. DailyCandy is much more female than I originally thought it would be. That refocused the vision from producing a general city guide to concentrating around a female demographic. In the beginning, it was very much about the things I liked, but as we've

grown, new people have had to communicate their understanding and expertise, so that's changed of course. I encourage all our contributors to develop individually without imposing my taste, but at the same time work hard to make sure what they do falls within the overall brand and its tone and voice. Brand consistency is key.

What are the most difficult leadership decisions you face?

Some of the more difficult decisions are about disagreeing with people I respect, when I'm required to take a good look at the reality of the situation. Companies are like families, but keeping hold of the bigger picture is important. I know I'm facing a difficult decision when I feel myself working to preserve the family dynamic at the same time as making a hardheaded business call.

Is there a single piece of advice you received in the course of the growth of DailyCandy that stands out?

I remember watching Peter Sheinbaum, my first CEO, doing spreadsheets, and saying I wanted to learn how to do them. He told me that I can't and shouldn't try to do everything, to be all things for the company. There's a tendency for entrepreneurs to think that they have to micromanage every aspect of the business. I was good with the content, the product, the brand and the marketing, and have an insatiable need to learn. I wanted to learn all aspects of the business, and Pete told me to slow down, suggesting that we divide and conquer instead – a great piece of advice. It's important to keep mentors, and I know I wouldn't have survived without them. I've always been amazed by how many people are willing to help an entrepreneur.

What people or brands do you turn to for inspiration?

I'm always inspired by people who have created amazing brands from scratch – like Marcia Kilgore, who carefully built the Bliss brand from a one-room spa in SoHo to a worldwide brand. I admire Natalie Massenet, who created Net-a-Porter, which has been

a whopping success, largely because of her keen eye, business savvy and knack for quality and curation. I also admire Tina Brown, who executes any project she takes on with great competence and determination.

How has the recent recession affected your business?

Although I didn't know it at the time, DailyCandy was founded just as the dot-com bubble burst in 2000. But I didn't start the business with dollar signs in my eyes, and I always had very strictly applied ideas about not spending money until it was earned, and we came out of that bust intact. We've kept this philosophy over our 10 years, so while some of the more ambitious plans of 2008 have been put on hold, we didn't come up short. The recession taught me that maintaining a start-up culture requires a resilient approach to business: one person can do a lot of jobs, and we watch expenditure carefully all the time. I realize now that I've been through a downturn before, and can pull through it again.

Where do you see the business going in the next 12 months?

It's a very exciting time right now at DailyCandy. Thanks to Comcast's support, we are investing in all areas of the business, allowing us to not only maintain our competitive edge but take the DailyCandy brand to the next phase in its evolution. We will invest in technologies to ensure we continue to lead the e-mail newsletter business; we will explore new relevant ways to engage our readers online, and we will dive deep into market research and new platforms to determine ways to best serve our readers with content, when and where they want it.

How will your role evolve?

I'm pleased with where I am. Managing both up and down is rewarding. I'm tuned into the business, and our owners take account of my opinions and input. But things are moving fast: I know what's coming tomorrow and maybe next week, but as for six months' time, I've no idea, except that I'll be ready for it. I'm very solution-oriented.

Name: DR. SHARON MACIVOR
Company: DADELAND ANIMAL HOSPITAL
Location: MIAMI, FL
Member Since: 1982

On an unseasonably cool spring morning in Miami, Dr. Sharon MacIvor is reflecting on her status as a pioneer. “I was one of the first sole female veterinary practitioners in South Miami-Dade,” she says proudly, amid the screeches from her Moluccan cockatoo (“he’s so intelligent”), and the purring of her Canadian sphynx Annabel (“hairless cats are perfect if you suffer from allergies”). “But then, I’ve always been very single-minded,” she continues. “I always knew I wanted to work with animals, and I got my first after-school job in a clinic when I was 14.” She also knew that she wanted to be an owner/practitioner. “I’m a Virgo,” she says, laughing, “and I’m somewhat of a perfectionist, so I had to run my own show.” She opened her first facility in the South Dade Shopping Center in 1990. “Once I set my mind to something, I achieve it,” she says. “I have two mottos – never take no for an answer, and if you come up against a closed door, well, that’s just an invitation to try again.”

Dr. MacIvor’s can-do outlook was instilled in her from an early age. It’s no surprise to hear that she grew up in an Ohio homestead-cum-menagerie – “we always had cats and dogs, and I added some chickens, goats, and few peacocks,” she recalls – and her parents served as singular role models. They both pursued pilot’s licenses (“my mom was doing this at 16, back in the 1940s,” marvels MacIvor, “can you imagine?”), and her father became an airline captain while her mother worked as a flight attendant; meanwhile, their idea of a perfect family holiday was to plop the young Sharon into a canoe and paddle 200 miles up the Amazon to inspect a primate research facility.

Science also factored into MacIvor’s worldview from the get-go – she recalls running to the fossil field behind the family home after school every night, searching for dinosaur imprints – so when the opportunity came to combine her two passions, she plunged in headlong. “I got my veterinary medicine degree from Ross University in 1980,” she says, “and I was hired at a local clinic even before my license came through. At night I’d take the emergency calls, and trade shifts to get more information and knowledge.” She grins. “I’ve never been frightened of hard work – in fact, I’m a workaholic if anything.” Two years later, she achieved her dream of presiding over her own practice. “I borrowed the money to open up, and I had no experience of running my own business,” she says. “I was flying by the seat of my pants.”

Dr. MacIvor’s ability to remain undaunted was severely tested when, just two years in, her South Dade facility was completely flattened by Hurricane Andrew. “The National Guard had to dig my animals out,” she recalls. “Luckily, I’d invested in reinforced stainless steel cages to house them in, so they all survived.” Two years later, she was back in business, and has operated out of Dadeland Animal Hospital, on the Old Dixie Highway, ever since. Given the clinic’s proximity to the moneyed enclaves of Coral Gables and South Miami, there’s every chance that the odd Russian Lynx or tiger might turn up in the waiting room alongside the more prosaic clients in for a neutering or de-fleaing; however, the testimonials from patients’ human friends have a uniformly laudatory ring. “I consider Dr. MacIvor the





saint of animals,” wrote one reviewer on the hellomiami.com business website. “(Dr. MacIvor) has a tightly-run office,” wrote another on the same site, “along with an awesome staff who really love the animals.”

Dadeland has a workforce of up to 10 people depending on the season, and it’s clear that their boss takes her responsibilities very seriously. “I believe in leadership by representation,” she says. “I have to set a good example. If I ask someone to do something, I want them to know it’s not Cinderella work, it’s something that needs to be done. I mean, I’ve done every job in this clinic myself at one time or another. My very first job was working in kennels, and I’ve cleaned up my share of dog doo-doo.” Along with the stoicism required for the latter task, Dr. MacIvor is seeking a level of warmth and professionalism from her staff that matches, if not exceeds, that found at human medical facilities. “I like to think that we’re a little bit different from other veterinary clinics, in that I want the hotel lobby experience in the front, where you’ll get exacting customer service, and a nurturing positive experience in the back, like you’d

get in the ideal pediatrician’s office; a warm, welcoming place with no cold floors, where the staff know how to hold an animal. In short, a loving environment.”

A “technically single” mother herself — she has two daughters, Blake and Bridgett — Dr. MacIvor believes she can set an example for the women on her payroll, particularly those who might find themselves in the same position as her. “If I employ a single mother, I tell her, look, I’m in the same boat,” she says ardently. “There’s no excuse for being a victim; you’re responsible for your own life.” Not surprisingly, she says, most of her charges heed her words. “A lot have gone on to veterinary schools themselves, or to amazing careers. I’ve helped them get scholarships, I’ve tried to give them a leg-up.” She grins. “I believe in investing in people.”

With commendable understatement, Dr. MacIvor describes her days as “pretty full.” She handles the standard multitasking of any businesswoman-parent — taking an afternoon at the gym while her daughter attends a softball session before going back to the office, through “budgeting my money

and time, and prioritizing.” Additionally she tries to give back to the community in various ways, from making home visits to elderly or sick clients and their pets to running her own animal rescue facility from her office. “I take in everything from birds hit by cars to abandoned cats, dogs, whatever, and foster them till we get them homes.” She also serves on charity boards and committees, but stresses that a lot of this extracurricular activity is on the QT: “I’m embarrassed by the limelight, so I don’t like to blow my own trumpet. I just think that you’re duty-bound to help out those who need it. That’s how you build up a loyal clientele. I still work with the very first customer I saw on my first day out of veterinary school. The kids of some of my original clients are now starting to come to me. It’s important, as a local business, to be anchored in the local community.”

Dr. MacIvor’s business buzzwords — loyalty, professionalism, quality, dedication — are at the forefront of the speeches she makes at the annual Miami-Dade County Schools Career Day. “And I always give the kids the same piece of advice,” she says. “Try to do

something you love to do, because then it’s a bonus to be paid for it.” She adds, “It sounds corny, but I believe in the spirit of giving. There’s a lot of job satisfaction in being a vet; it fulfills the basic human need to be needed.”

This positive outlook has, if anything, grown stronger over two decades in the veterinary business, and Dr. MacIvor has no intention of resting on her laurels (it may also help to explain why her revenues are up 30 percent year-over-year in a time of economic distress). “I always like to be on the edge, striking out into new territory,” she says, before elaborating on her plans to promote affordable medicine and open a hotel-resort for animals: “I want to be a leader in those fields, too.” The only question is, who might she hand her business over to? “I don’t have any partners,” she says, “simply because I’ve never found someone who shared the same drive as me. So I’m looking for someone to mentor, who could step up to the plate.” In the background, her cockatoo shrieks triumphantly, as if to emphasize that, under Dr. Sharon MacIvor’s tutelage, her chosen successor will surely be another trailblazer.

**OPPOSITE PAGE**

Dr. MacIvor examines one of her more unusual patients, an anteater.

THIS PAGE FROM LEFT

A canine charge ready to go home; taking stock in the dispensary.

FOR MORE INFO ON DADELAND ANIMAL HOSPITAL, SEE:
dadelandanimalhospital.com
openforum.com/dadelandanimalhospital

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LEADERSHIP EMPLOYEE MANAGEMENT

LEADERSHIP EXPERT HOLLY LANDAU DISCUSSES SOME COMMON EMPLOYEE ISSUES, AND OFFERS ADVICE ON HOW TO OVERCOME THEM AND LEAD YOUR TEAM TO SUCCESS

In these economically challenging times, employee engagement is absolutely critical to your company's success. You manage things like your budget, your time and your inventory. You lead people. Leaders influence, inspire and motivate others toward success. There are many styles of leadership, but the common goal is always the same. Holly Landau offers some guidelines about some of the most common employee challenges and suggests ways for business owners to establish, implement and sustain successful employee engagement practices.

HOW DO I IDENTIFY AND HIRE THE RIGHT EMPLOYEES?

The first step is to identify the specific skill areas of the position that you're trying to fill. For example, if you're trying to find a customer service rep, you should be looking for someone who has a demonstrated ability to speak with enthusiasm and clarity and who has experience handling customer complaints; for a supervisor role, look for someone who has experience directing and delegating, and managing inventory.

After you have identified the skills needed, draw up some interview questions. One of the most common interview mistakes is a lack of preparation, with many busy employers only finding time to read a candidate's application or résumé just minutes before the meeting. Use the application and/or résumé to help you formulate questions that will require a candidate to share real situations from their work history that demonstrate their strengths and weaknesses. These types of questions are called "behavior-based" because they are designed to give candidates an opportunity to discuss and explain how they accomplished work tasks and interacted with customers and other employees.

For example, rather than ask "Are you good with customers?" – which will likely generate a positive response but will allow a candidate to skirt the detail – you could ask, "I see that you have three years of retail experience. Tell me about a time when you had to deal with a difficult customer. How did you handle the situation and what was the impact?" This method also allows your candidate to do most of the talking.



ARE JOB DESCRIPTIONS REALLY NECESSARY?

You may know where you want your employees to focus their attention during the working day, but they may not share the same vision. Job descriptions, even for very small businesses, can help identify areas of responsibility. Think of a job description as a map that will help your employees reach their workplace destination: successful performance. Creating a job description before you fill a role will help identify critical skill areas when you're trying to hire the right person and will help a new employee focus on the priorities of their role from the first day of employment.

Equally important are performance expectations. People want to know how their performance will be evaluated, and setting specific and realistic expectations can offer direction and provide clarity. Revisit performance expectations on a monthly or quarterly basis and readjust the expectations if business priorities shift. Refer to the performance expectations when awarding merit-based bonuses and raises, or as a justification for not awarding them.

NON-BEHAVIOR VS. BEHAVIOR-BASED INTERVIEW QUESTIONS

Non-behavior-based:

Are you willing to pitch in when necessary?

Behavior-based:

Give me an example of when you had to go above and beyond so your department would make its goal. What happened?

Non-behavior-based:

What are your weaknesses?

Behavior-based:

Tell me about a time when you weren't able to complete a project at work. How did you handle the situation and what did you learn from it?

Non-behavior-based:

Are you good with computers?

Behavior-based:

Give me an example of a project that required you to use at least two software programs. Which programs did you use and how did you use them?

HOW DO I GUIDE AND COACH MY EMPLOYEES WITHOUT MICROMANAGING THEM?

Let's assume that your employees want to succeed. Let's also assume that your employees have the basic training that they need to perform their duties successfully. Without the proper training, no amount of motivational support from you will push them toward improved performance. With the proper training and motivation in place, a powerful way to guide and encourage your employees toward improved performance is through coaching. Coaching is not directing, such as telling an employee to meet sales goals or clean up a spill in aisle five; coaching is positively supporting and encouraging employees who have the potential and motivation to improve. Your coaching statements should be empowering for your employees (in fact, a by-product of coaching is that you're grooming the future leaders of your organization).

Coaching Statements:

- “I'd like to raise your sales goal by 10 percent starting next month. What are your ideas about accomplishing this goal? What can I do to support you in reaching it?”
- “I've got some ideas about how we can cut down on waste, but I'd like to meet with you to get your views. Let's meet tomorrow at 3 pm to discuss your ideas.”
- “I'm concerned that your team won't complete your project this month. I'd like to better understand some of the barriers you're facing. Let's meet to discuss them and your ideas about how to meet your deadline.”

HOW CAN I SOFTEN THE BLOW WHEN FIRING SOMEONE?

There are usually three main reasons why you have to let someone go: poor employee performance, gross misconduct (stealing, workplace violence, etc.), or you're dissolving their position. Often, business owners are



reluctant to deal directly with the issue of firing someone, but there are some specific steps you can take to protect yourself and your company from potential emotional backlash and lawsuits for wrongful discharge.

— *Poor Performance:*

If you create a clear set of performance expectations and regularly revisit these expectations, it should be no surprise to an employee that he/she is not meeting them within the scheduled timeframe. Give employees the resources to succeed, but if they don't, be willing to let them go.

— *Gross Misconduct:*

Your guidance and leadership up front might prevent poor behavior, but, ultimately, you can't control the behavior of others. Try to prevent errors in judgment by modeling positive behavior and clearly state all workplace harassment, violence and safety policies to all new employees, as well as revisiting the topics regularly during team meetings. Be willing to take calm, appropriate action when necessary, and enforce a zero-

tolerance policy. If appropriate, briefly explain your firing decision with the remaining members of your team so they understand why you made your decision.

— *Dissolving the Position:*

This can be a delicate and emotionally charged issue for many business leaders, especially in these economically sensitive times. You may consider reassigning an employee to another role until the economy improves. Alternatively, some employees might be willing to remain in their current role and take a temporary pay cut (try to offer other forms of compensation like extra time off in this case). However, if after exploring all the options, you decide you have no choice but to lay off employees, make it as painless as possible by providing resources such as a fair severance package, résumé services, job coaches, references, and details of employment agencies. How you terminate an employee is a reflection of your professionalism and your company's brand; it's not a time for burning bridges. You never know when you may need to rehire a former employee.

SHOULD I HOLD TEAM MEETINGS? HOW CAN I MAKE THEM MORE EFFECTIVE FOR EVERYONE?

Leadership is about influencing others toward a common goal, and a team meeting can be a powerful platform to both influence and motivate. However, simply the word “meeting” evokes feelings of dread in many employees, who have vivid memories of previous painfully dull and ineffective gatherings. It is no surprise then that team meetings are one of the most misused and underutilized communication tools. Many leaders make the mistake of trying to control the entire meeting rather than encouraging employee participation, but a well-prepared, well-structured and well-managed meeting will reap rewards for your business.

— *Before the Meeting:*

Decide the purpose of the meeting. Is a meeting really what is required (sometimes a conference call or e-mail will suffice)? Once you've decided that a meeting is the right solution, think about what you'd like to accomplish and create an agenda.

Ask for agenda topics from your team to ensure that you're using the time efficiently, and supply details of the agenda before the meeting so attendees can arrive prepared and armed with appropriate information. To encourage participation, assign specific tasks, such as a presentation, to individuals in advance.

— *During the Meeting:*

Review the agenda and purpose of the meeting. Assign roles at the start of the meeting, such as a timekeeper, to maintain the pace of the meeting; a minute-taker; and a scope-keeper, to make sure the group doesn't steer too far from the agenda topics. Rotate the roles at each meeting so everyone participates and the responsibilities are fairly distributed – this will make the group more productive. Important points raised that were not on the agenda can be noted and addressed at future meetings.

— *After the Meeting:*

Many business leaders fail to reinforce their meeting points and ensure that tasks assigned during the meeting were actually accomplished. Send a summary to all attendees (including those who were invited but could not attend) to detail the decisions made during the meeting, action steps assigned with names and completion dates, ideas for future topics, and the date/time/location of the next meeting.

— *Meeting Tips for Virtual Teams:*

Your team may have members in other states or countries, so you'll have to rely on technology to make your meetings successful. Be sensitive to time zones when planning your meetings and utilize similar practices, such as assigning roles, sharing the agenda in advance, and selecting people to report on key topics or lead discussions. If available, use webinar and/or video conferencing to add visual support.

HOW CAN I ENCOURAGE PASSION IN MY EMPLOYEES?

An important step you can take as a business leader is to engage your employees in creating an innovative and customer-centric organization. Challenge your team with open-ended questions to prompt innovative and customer-centric ideas, such as:

- Identify three things your department can do to improve customer service.
- Identify three things our customers would like us to do that we're not doing now.
- Identify three things that will help our operation go green.

You can modify the questions to meet the needs of your organization and/or customers. Managers provide answers, but leaders ask the right questions. Open-ended questions such as these will provide a venue for your employees to explore new ideas and new ways to do business, and can inspire an entrepreneurial spirit in your team.

I'VE HAD TO DOWNSIZE MY STAFF, BUT NOW BUSINESS IS PICKING UP. WHAT IS THE BEST WAY TO RAMP-UP RESOURCES?

Although you may be reluctant to hire full-time, permanent employees in your ramp-up phase, the good news is that this new period also brings potential employees who might be open to nontraditional work arrangements – such as being willing to work on a contractual, part-time basis with the possibility of future full-time employment, job sharing, telecommuting, and flextime. A growing trend for small businesses is hiring part-time, virtual assistants – contract employees who work remotely and are paid for specific projects.

However, also remember to offer similar guidance and support to part-time and contract workers as you would to your full-time employees: create clear job descriptions, establish performance expectations, meet periodically to discuss progress, and provide encouragement through coaching.

Holly Landau is the CEO of Landau Leadership, a consultancy that provides customized training and development solutions through an intergenerational team of curriculum designers, facilitators and leadership development experts located throughout the US.

LEARN MORE ABOUT HOLLY LANDAU AT:
landauleadership.com
openforum.com/landauleadership

If you're an OPEN Cardmember with expertise in the small business arena and would like to be considered for a future OPEN Book, e-mail us at: contributor@openforum.com

EMPLOYEE HANDBOOKS

As a leader, you're setting the direction for your organization and communicating your expectations about employee behavior. One way to accomplish this is to establish an employee handbook. Even if you only have a few employees, a handbook will enable you to make sure everyone is on the same page and to position your staff for growth. Consider your handbook a communication tool in which you share policies and practices in a uniform, concise way, where all employees get the same message. It's also a "risk management tool," suggests Darin Hanks, VP of HRIT Inc., "and it's a reference tool when you're trying to enforce policies and discipline employees."

An employee handbook can also help establish a corporate culture when you're forming a new business. Will Corrente, founding partner of Pet Power LLC, created an employee handbook when he launched his business. "I wanted our employees to see our start-up as a legitimate and professional organization, regardless of our small size," he says.

Despite the many benefits of having an employee handbook, many business leaders are reluctant to create one. They either don't know how to create one or they believe that they aren't necessary for small businesses. Burke Franklin, CEO of Jian Software, who sells employee handbook software, stresses the importance of employee handbooks. He suggests that "if there are no rules (in the workplace), your employees will make them up." Think of your employee handbook as a playbook that helps you set direction, uphold policies, communicate with clarity, and establish a professional tone for the way you do business.

EMPLOYEE HANDBOOK BEST PRACTICES

- Use a template instead of trying to create a handbook on your own. Templates speed the process and ensure that you're covering all your bases. Two helpful resources for templates are:

Human Resources Information Technology, HRIT Inc., hrit.com
Business Power Tools by Jian Software, jian.com
- Create an electronic version of your employee handbook for your company's intranet or to send to remote employees. Send a mass e-mail to employees whenever the handbook is updated.
- Obtain signed documentation from each employee stating that they have read and understood the content of the employee handbook.
- Meet with a labor attorney to review your employee handbook. Consult your insurance professional too – you might qualify for a discount because you issued a handbook.
- Update your handbook annually and/or if major organizational changes occur (like a merger or acquisition) or when federal/state policies change.
- Model the behavior and uphold all the policies stated in the handbook. Your team expects you to meet the same standards that you expect them to meet.

Name: TOM BAILARD
Company: BAILARD
Location: FOSTER CITY, CA
Member Since: 1992

There aren't many asset management companies with an average advisory client retention rate of 98 percent. There are still fewer with an average staff tenure of 13 years. But then again, the San Francisco Bay area-based Bailard isn't a standard investment company. "We've always tried to deal with clients honestly; we've always figured we are their ally," says the company's chairman, Tom Bailard. "And, from the very beginning, we have always had a focus on doing the right thing. Being successful human beings was just as, if not more, important to us than being successful businessmen."

This outlook – unusual in the highly competitive milieu of the financial industry, as Bailard acknowledges – has proved fruitful. Last year, the company was selected as one of the country's Top Small Workplaces by *The Wall Street Journal* and Winning Workplaces. At a time of economic turmoil, it held on to its 49 employees and sustained an annual revenue of \$12 million. Loyalty – of clients and employees – is heavily imprinted in the firm's DNA. "We have what I call a 'high trust' culture," says Bailard. "That means we aim to

create an environment of open communication and integrity, and we also have a strong belief in employee development."

The company's ethos was established with its inception in 1969, when Tom Bailard and his two cofounders met at Stanford Business School. Deciding that they wanted to work for themselves – "that idea resonated with me," says Bailard, "as I come from a farming family" – set the company up as one of the country's first fee-only financial planning practices (the firm offers Wealth Management, Institutional Equity Strategies, and Alternative Investments). That said, Bailard insists they had no grand plan. "I have this phrase to describe it: a project without a road map," he says, laughing. "We sort of backed into it. But at the same time, we knew we wanted to be sensitive to externalities, to the marketplace, to what our customer needed. We felt that if we put clients' interests first, that would serve us well in the long run." The wisdom of that decision is evident in the fact that Bailard is still here, four decades later; as Bailard says, "not many firms stick around that long in what is a very competitive industry."



Bailard's passions, he says, are family, business and community, and his firm is an amalgam of all three. This informs his criteria for hiring people. "I personally believe that you get better work from people if you lean toward encouraging them to act independently," he says. "As a boss, you're always navigating between exerting control and letting people find their way. I always err on the side of letting them have a lot of autonomy. People who like a highly structured, top-down kind of environment don't really thrive with us."

On the other hand, Bailard's familial atmosphere fosters an employee loyalty that's not only unusual in their sector but, according to Bailard, vital. "I used to maintain, and I don't think it's changed, that you have to practice as an investment manager for at least 10 years before you get really good," he says. "So we want to cultivate our employees for at least that long and beyond. And the other half of our covenant, responsive client relations, benefits from that longevity; we have manager-client relationships that have spanned 20 to 25 years in an area where people find continuity important and reassuring."

As CEO, Bailard personally oversaw the transition of the firm from a founder/owner model to a management model in the late 80s when his founding partners retired; but for all practical purposes, the company had been following a horizontal rather than vertical style from the beginning. There is little sense of hierarchy at the company, and "transparency" is a watchword, both figuratively and literally; offices don't have doors, and glass partitions allow unimpeded sight lines across the entire office as a way of encouraging conversations between employees and to deter secrecy; an attempt, says Bailard, to eliminate the perpetual conflict in the finance industry, "between an employee's desire to do well and the desire to do good."

Even salaries, often a primary source of intracompany dissension, are no secret; if an employee wants to know the compensation of any other employee, including Tom Bailard, they can simply ask the chief financial officer. "I've had people close to the firm saying that this was one of the most peculiar things they've ever encountered," says Bailard. "But I put it in place 30 years ago, and I've never regretted it. As a manager, if you



know that your compensation decisions are essentially going to be public, you have to have pretty strong convictions about any decision you make. It engenders accountability on all sides; it's like saying to employees, we're not afraid to trust you with this information, and by implication you'll learn to trust us."

Bailard believes that such transparency can help to stifle office politics – a motive that he laughingly concedes is not entirely selfless. "I was interviewing a young fellow with a nice job in a big company," he says, "and I asked him why he wanted to come to us. He said 'Well, my current setup is 50 percent work and 50 percent politics.' I thought, wow, if I could just cut the politics out, then I would double his productivity." As in most areas of business life, Bailard has a motto to illustrate his approach: "I say that when you come to a firm, you bring the part of you that's a machine, and the part that has a soul. The money is for the machine; it will tell you how valuable your machine-role is to the company. But if you want to know how you're valued as a human being, then look to how you are treated."



Bailard, the company, has other strategies to maintain its familial atmosphere. Each Monday morning, the staff gathers for "the 9:05," where they discuss company news and current projects and introduce new employees. "The 9:05 gets different departments swapping ideas and facilitates collaborative effort," says Bailard. Birthdays and employee tenure are celebrated, and the company holds an annual Oasis night (named after the college bar where the company's founding principles were formulated on a napkin), during which four internally nominated employees are presented with Oasis awards for outstanding work.

All of which left Bailard singularly well-equipped to navigate the recent downturn. The company endured the same roller-coaster ride as its peers – assets and revenues going down, but workload going up – but deployed what Bailard calls a "quaint" solution: "Rather than layoffs, everyone took pay cuts, which were graduated according to seniority," he says. "The senior people have to hold themselves accountable when necessary, and that in turn builds respect for leadership. Take employees

FAR LEFT

Tom Bailard catches up with his new CEO, Peter Hill.

LEFT

Bailard leads the Monday morning "9:05."

BELOW

Transparency plays a crucial role in company communication.



for granted in bad times, and they'll flee on the upturn. That's a rather shortsighted approach."

Tom Bailard is living proof of his company's success in investing in its employees' longevity – after 40 years, he's slowly and reluctantly relinquishing the reins of the company that bears his name (a new CEO, Peter Hill, was appointed in 2008). "When it comes to retirement, I like to quote a great line from an old friend of mine," he says. "I won't miss the rat race, but I will miss the rats. But," he continues with some pride, "I have the satisfaction of knowing that, because of the way we've run the company all these years, and the way we've painstakingly developed and nurtured people, it'll be left in the safest possible hands."

FOR MORE INFO ON BAILARD, SEE:

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LEADERSHIP BIG LESSONS

BUSINESS ADVISER AND ENTREPRENEUR RIDGELY EVERS SHARES HIS ADVICE ABOUT WHAT SMALL COMPANIES CAN LEARN FROM BIG BUSINESS

Ridgely Evers has worked on both sides of the small/big business fence. He spent five years at Intuit, where he led the creation of Quickbooks, an accounting system for small businesses. He's since served as CEO of a number of internet-based technology companies in the Bay Area and, with his wife, Colleen McGlynn, currently runs DaVero Sonoma Inc., a producer of olive oils, wines and other artisanal food products. Evers is currently managing partner of Establishment Capital Partners, a fund investing in small businesses, and is also a board member of SCORE, "Counselors to America's Small Business," which provides mentoring and runs workshops and seminars for 350,000 existing and aspiring small business owners each year. Here, he offers insight on the relative merits of "small" vs. "big" business – and reflects on the leadership qualities required to make small a success.

Successful leaders work backward. Don't start from where you are and go forward, because there are an infinite number of directions

you can take. Instead, work backward from where you want to get – your vision for your business. That will help you choose which road you take.

To be a successful leader in any business, you need to have a vision you can articulate. In *Alice's Adventures in Wonderland*, the Cheshire Cat said, "If you don't know where you're going, it doesn't matter which road you take." So, rule one: once you know where you want to go, make sure everyone in the business understands that vision.

People think there's some kind of continuum between the smallest and biggest business – an unbroken line between me and the mouse on my desk and Microsoft – and that there's some magical moment where you transform from being a small to a midsize to a large business. In fact, research shows that to be very far from the truth. Each form of business is a totally separate beast, and there are vastly different skill sets in running each one. To run a small business efficiently, you really have to be good at everything.

RIDGELY EVERS

Owner,
DaVero Sonoma Inc.



The real difference between a small business and an enterprise is the owner's attitude toward growth. A Silicon Valley start-up is completely focused on getting big, and naturally risks failure to get there. A true small business, on the other hand, is focused on becoming profitable, feeding a family, and staying in business. That's a fundamental psychographic and cultural difference.

In any small business, everybody's busy all the time. Regardless of your goals, in small business you're all wearing multiple hats because you don't have specialists. As a consequence, everyone has to understand the broader picture or they won't have the tools they need to do the job they weren't hired to do but are doing anyway. It's essential for the owner to sit down with

every new employee and contractor and make sure that they understand the business the way that he or she does.

A small business is a lot like a racing shell. You've got the eight oarsmen, and if they're not all pulling on their own oar the way they're supposed to be, the boat won't make much progress: a single individual can have a hugely disruptive effect on the performance of the entire boat. However, it doesn't matter so much if an individual on an ocean liner isn't pulling their weight – it will still steam ahead.

With employees, the small business rule of thumb should be: hire slowly, fire quickly. In a small entity you have to have people who are a good fit, otherwise the culture suffers.

Small business owners are often guilty of not thinking strategically. More often than not, the path you originally envisioned for your business is not the one you end up taking – life happens while you’re making other plans; even when you’re doing a great job of working backward, things change. Every one of the little nudges off the course you think you’ve embarked on has an impact. It’s absolutely essential to lift yourself out of the fray of the day-to-day, and ask yourself where you’re at and what the implications for the business might be. Because you can guarantee that if you don’t do that, nobody else will.

Running a small business can sometimes feel like a lonely endeavor, but it can also be the most rewarding thing you’ll ever do in your life. It’s kind of like jumping out of an airplane with a silkworm: scary, but exhilarating when you create the parachute and land successfully.

Leadership means asking for help. Most small business failures – including the failure to achieve your full potential – stem from making entirely preventable mistakes. It’s not surprising because for most owners this is the first time they’ve run a business. Thriving businesspeople build networks that enable them to draw on others’ experience and knowledge. The really successful ones do it before they get into trouble – and are never afraid or embarrassed to turn to their networks for help.

Always bear in mind that, as a small business, you can’t be all things to all people. It’s pointless to try. Focus on what you’re good at and do that as well as you possibly can.

There are three broad reasons why companies fail or underperform. Firstly, the owners shouldn’t have started the business in the first place; they should have stuck to their day jobs. That accounts for about a third of failures. Secondly, they don’t have access to the capital they need in order to grow their businesses as they’d like to. Thirdly, they make entirely preventable mistakes, which is natural because for most it’s their first attempt at starting a business. The solution? Successful leaders create outside support systems where they can go for guidance and advice.

Anyone who’s using their financials to drive their business is doing the equivalent of driving their car in the rearview mirror. It’s never a happy outcome. You should check your financials often, just as you do the rearview mirror. But the important stuff is happening elsewhere. Your customers, your people, your competition, etc., are where you should focus your attention.

Keep the customer satisfied. One of my favorite metrics is the Net Promoter Score – the one that holds companies and employees accountable for how they treat their customers. It tells you whether you have delighted the customer, so that they walk away saying, “That was a really good experience,” and come back again, and tell their friends to do the same. Word of mouth is absolutely crucial, because advertising is often not an efficient mechanism for small business. If your NPS is low, you have serious problems.

There are a lot of different personality types that are able to lead successfully. You’ve got the ranting and raving types at one extreme, and the nurturers at the other. But what’s common among them is their ability to communicate. And I mean that in the sense of not just being able to broadcast but also to receive. I think that’s why, ultimately, a culture of fear is self-defeating. You don’t want your people to be afraid to come back to you if they’re not sure of something. “I’m mad at you” and “I’m unhappy at something that you did” are two completely different things.

You learn a lot more from failure than you do from success. Failure is underrated as a learning tool; it can knock you back at the time but can also teach you how to move forward with success.

Entrepreneurship is the remaining core competence in the United States. That belief that “I can do this” – it’s unlike anything I’ve run into anywhere else in the world. It seems to be deeply embedded in the American culture.

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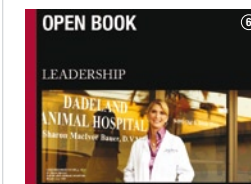


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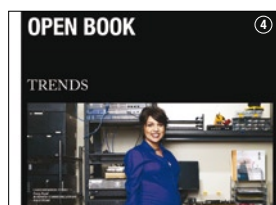
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